

Translation

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Summary of Non-Consolidated Financial Results for the Nine Months Ended November 30, 2019 (Based on Japanese GAAP)

January 14, 2020

Company name: Kitanotatsujin Corporation
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 2930 URL <https://www.kitanotatsujin.com>
 Representative: Representative Director & President Katsuhisa Kinoshita
 Inquiries: Senior Managing Director Shigeatsu Shimizu TEL 050-2018-7864
 Scheduled date to file Quarterly Securities Report: January 14, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the nine months ended November 30, 2019 (from March 1, 2019 to November 30, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2019	7,547	26.7	2,182	49.2	2,186	49.5	1,487	47.3
Nine months ended November 30, 2018	5,958	60.7	1,462	66.5	1,462	66.4	1,009	68.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2019	10.70		–	
Nine months ended November 30, 2018	7.26		7.24	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2019	5,021	3,859	76.9	27.77
As of February 28, 2019	4,240	2,942	69.4	21.17

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2019	–	1.60	–	2.00	3.60
Year ending February 29, 2020	–	2.10	–	–	–
Year ending February 29, 2020 (Forecast)	–	–	–	2.10	4.20

3. Forecast of non-consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,939	31.6	2,702	45.2	2,703	45.2	1,890	46.2	13.60

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2019	141,072,000 shares	As of February 28, 2019	141,072,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2019	2,105,200 shares	As of February 28, 2019	2,105,200 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2019	138,966,800 shares	Nine months ended November 30, 2018	139,071,695 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	2,687,645	3,199,081
Accounts receivable - trade	518,641	540,734
Finished goods	572,664	775,578
Work in process	13,300	14,695
Raw materials and supplies	127,772	100,368
Other	46,574	49,730
Allowance for doubtful accounts	(7,695)	(8,022)
Total current assets	3,958,904	4,672,165
Non-current assets		
Property, plant and equipment	32,842	106,855
Intangible assets	31,538	26,253
Investments and other assets	217,347	216,528
Total non-current assets	281,729	349,637
Total assets	4,240,633	5,021,803
Liabilities		
Current liabilities		
Accounts payable - trade	163,622	192,152
Accounts payable - other	445,203	370,780
Current portion of long-term loans payable	74,943	–
Income taxes payable	333,482	428,341
Accrued consumption taxes	142,710	52,067
Advances received	2,608	2,472
Provision for sales promotion expenses	61,026	61,986
Provision for shareholder benefit program	38,051	–
Provision for sales returns	14,344	13,440
Asset retirement obligations	1,120	–
Other	21,227	41,002
Total current liabilities	1,298,339	1,162,243
Total liabilities	1,298,339	1,162,243
Net assets		
Shareholders' equity		
Capital stock	273,992	273,992
Capital surplus	253,992	253,992
Retained earnings	2,849,883	3,767,149
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	2,942,293	3,859,560
Total net assets	2,942,293	3,859,560
Total liabilities and net assets	4,240,633	5,021,803

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Net sales	5,958,923	7,547,227
Cost of sales	1,304,162	1,808,425
Gross profit	4,654,761	5,738,802
Reversal of provision for sales returns	6,728	14,344
Provision for sales returns	11,310	13,440
Gross profit - net	4,650,178	5,739,706
Selling, general and administrative expenses	3,187,548	3,557,188
Operating profit	1,462,629	2,182,517
Non-operating income		
Interest income	13	7
Foreign exchange gains	401	1,774
Sample income	323	261
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lecture fee-NOI	515	377
Repayment income	–	1,920
Other	101	174
Total non-operating income	2,488	4,516
Non-operating expenses		
Interest expenses	293	47
Provision of allowance for doubtful accounts	655	–
Share issuance cost	428	–
Commission for purchase of treasury shares	768	–
Other	5	0
Total non-operating expenses	2,151	47
Ordinary profit	1,462,966	2,186,986
Extraordinary losses		
Head office transfer cost	–	2,650
Loss on retirement of non-current assets	–	364
Total extraordinary losses	–	3,014
Profit before income taxes	1,462,966	2,183,972
Income taxes - current	446,292	688,979
Income taxes - deferred	6,847	7,963
Total income taxes	453,139	696,942
Profit	1,009,826	1,487,030

Non-consolidated statements of cash flows

(Thousands of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,462,966	2,183,972
Depreciation	9,176	17,814
Increase (decrease) in allowance for doubtful accounts	13,673	327
Increase (decrease) in provision for sales promotion expenses	5,496	960
Increase (decrease) in provision for shareholder benefit program	(23,264)	(38,051)
Increase (decrease) in provision for sales returns	4,582	(904)
Foreign exchange losses (gains)	(339)	(1,588)
Interest and dividend income	(13)	(7)
Interest expenses	293	47
Share issuance cost	428	–
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Loss on retirement of non-current assets	–	364
Head office relocation expenses	–	2,650
Decrease (increase) in notes and accounts receivable - trade	(80,012)	(22,093)
Decrease (increase) in inventories	(271,325)	(176,904)
Decrease (increase) in other assets	(4,331)	(3,155)
Increase (decrease) in notes and accounts payable - trade	166,514	28,529
Increase (decrease) in accounts payable - other	103,135	(82,881)
Increase (decrease) in advances received	770	(136)
Increase (decrease) in other liabilities	(4,429)	(68,105)
Subtotal	1,384,092	1,840,838
Interest and dividend income received	13	7
Interest expenses paid	(293)	(47)
Income taxes paid	(633,962)	(596,883)
Payments for head office removal expenses	–	(2,650)
Net cash provided by (used in) operating activities	749,850	1,241,265
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,038)	(82,585)
Purchase of intangible assets	(10,479)	(3,344)
Payments for guarantee deposits	(19,272)	(20,363)
Proceeds from collection of guarantee deposits	–	12,572
Payments for asset retirement obligations	–	(500)
Net cash provided by (used in) investing activities	(30,790)	(94,220)
Cash flows from financing activities		
Repayments of long-term loans payable	(100,017)	(74,943)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	120,531	–
Cash dividends paid	(425,970)	(562,281)
Purchase of treasury shares	(385,201)	–
Net cash provided by (used in) financing activities	(790,657)	(637,224)
Effect of exchange rate change on cash and cash equivalents	339	1,615
Net increase (decrease) in cash and cash equivalents	(71,258)	511,435
Cash and cash equivalents at beginning of period	2,508,142	2,687,645
Cash and cash equivalents at end of period	2,436,884	3,199,081